

Level: Bachelor
Paper: Cost Accounting (186)
Time Allowed: 3 hrs

Semester: Spring 2009
Maximum Marks: 100
Pass Marks: 40

Note: - ATTEMPT FIVE QUESTIONS. ALL CARRY EQUAL MARKS.

Q.No.1

The following data (In thousand of dollars) have been taken from the accounting record of Davis Corporation for the just completed year.

Administrative Expenses		600
Direct Labour		800
Finished Goods Inventory, Beginning	480	
Finished Goods Inventory, Ending	640	
Manufacturing Over Head	920	
Purchase of Raw Material	480	
Raw material Beginning Inventory	160	
Raw material Ending Inventory	280	
Sales		3,960
Selling Expenses	560	
Work in Process Inventory, Beginning	280	
Work in Process Inventory, Ending	200	

Required:

- A) What was the cost of raw material used in production during the year?
- B) What was the Cost of goods manufactured?
- C) What was the cost of goods sold?
- D) What was the net income for the year?
- E) Which cost listed above for the Davis Company are product costs? Period Costs?

Q.No.2

Brooke Inc uses process costing. The costs for department 02 for April were:

Cost from preceding department: Rs.20,000

Cost added by the department

Material: Rs.21,816, Labour: Rs.7,776, FOH: Rs.33,696

The following information was obtained from the department quantity schedule

Unit received: 5,000, Unit transferred out: 4,000, Unit still in process: 1,000

The degree completion of the work in process as to cost originating in department 02 was: 50% of the unit

Were 40% complete, 20% were 30% complete, and the balance was 20% complete.

Required:

The Cost of Production Report for department 02 for April

Q.No.3

Normal operating capacity of a company's power plant is estimated to be 4,750,000 kilowatt-hours per month. At this level of activity fixed overhead is estimated to be \$171,000 and variable overhead, \$209,000. During November, the power plant produced 5,000,000 kilowatt-hours. Actual overhead for the month totalled \$393,000.

Required:

- A. Over or under applied overhead.
- B. Spending and idle capacity variances.

Q.No.4

A Dawn industry has developed the following data to assist in controlling one of its inventory items.

Economic Order Quantity	1,000 Kg
Average daily use	100 Kg
Minimum daily use	80 Kg
Maximum daily use	120 Kg
Lead Time	7 days

Required: (1) Order Point (2) Maximum inventory level (3) Minimum inventory level

Q.No.5

The Kentucky Respiratory Clinic makes the following purchases and issues of replaceable tubes for portable respirator machines.

Inventory	January 1	400 units	@\$1.40
Receipts	January 6	500	1.31
	January 10	200	1.24
	January 25	700	1.23
Issues	January 15	600	
	January 27	500	

Required: The cost of tubes issued and the cost assigned to the January 31 inventory by each of these perpetual inventory costing methods.

- (1) FIFO
- (2) LIFO
- (3) Average
- (4) Most recent purchase price

Q.No.6

Enumerate the various classifications of costs. Explain with the examples in detail.

Q.No.7

What is the primary objective in job order costing? Discuss in detail

Q.No.8

What is a production department? A service department? Give illustrations each. Discuss in detail